

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
Washington 25, D. C.

**\*OMB Waiver Letter In ERU File\***

August 16, 1955

My dear Mr. Chairman:

This is in response to your request for a report on S. 2366, a bill "Relating to the traffic management functions of the General Services Administration." The purpose of the bill is to repeal statutory exemptions from the authority of the Administrator of General Services over traffic and transportation management activities of the Government. It is similar in some respects to H. R. 6563, H. R. 6854, and H. R. 6885, all bills intended to implement Recommendation No. 20(a) of the report on transportation submitted to the Congress on March 28, 1955, by the Commission on Organization of the Executive Branch of the Government.

S. 2366 provides authority for the President to make exemptions when he deems such action to be in the national interest. The other bills H. R. 6563, H. R. 6854, and H. R. 6885 do not provide such authority.

We believe this is a significant difference and have indicated our opposition to enactment of H. R. 6563, H. R. 6854, or H. R. 6885 unless they are amended to include such language. We have no objection to enactment of S. 2366 because it provides this needed authority.

The Federal Property and Administrative Services Act of 1949 established the Administrator of General Services and authorized him to prescribe policies and methods or to take over the management of various housekeeping and supply management functions including transportation. His authority covered the executive branch of the Government generally but some agencies and programs were exempted including the Atomic Energy Commission, the Tennessee Valley Authority, the Central Intelligence Agency and certain programs within the Housing and Home Finance Agency and the Departments of State, Defense, Agriculture, Commerce, and Post Office.

If S. 2366 is enacted, all exemptions which pertain to transportation functions would be repealed, and all traffic and transportation management activities of the Government would come under the control of the Administrator of General Services.

We believe the Administrator of General Services should have strong authority in the field of property and supply management, including traffic management, and that it is entirely proper to reexamine the need for the exemptions which have been granted, to withdraw any which are no longer warranted, to modify or curtail any of those regarded as unnecessarily broad, and to grant only those which are sufficiently justified.

- 2 -

But we believe some transportation activities should be exempted from control by the GSA. For example, we would be inclined to question whether the GSA should assume control of transportation functions now performed by private contractors responsible to the Atomic Energy Commission for operating large production plants in remote locations which are far from any GSA regional office. The types of equipment and supplies being shipped and the nature of the production programs involved require specialized transportation services.

Traffic management is also a basic part of agricultural price-support programs which require complete integration of warehousing and storage planning, transportation, and marketing activities. We would be inclined to question the advisability of placing the transportation of surplus agricultural commodities under the complete control of a central administrative services agency.

Although these examples are cited to illustrate the circumstances which might warrant exemptions by Executive order if S. 2366 is enacted, we are not prepared at this time to comment in detail regarding each of the exemptions now granted by statute. We would need to make further studies before we could recommend actions on specific exemptions.

S. 2366 also includes language authorizing the Administrator of General Services to delegate to the various agencies those functions of traffic management which in his judgment can best be performed by them. Such delegations would have the same result as exemptions granted by Executive order. We believe the Administrator should have this authority but we believe the Presidential authority provided in the bill is also necessary. Otherwise, final authority to withhold exemptions affecting a basic program would be vested in a central administrative services agency which cannot assume responsibility for the success or failure of the program.

Sincerely yours,

(Signed) Rowland Hughes

Director

Honorable John F. Kennedy  
Chairman, Subcommittee on Reorganization  
Committee on Government Operations  
United States Senate  
Washington 25, D. C.